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THE ADAPTATION OF TURKISH FOREIGN POLICY TO THE SHIFTING BALANCE OF POWER IN THE CAUCASUS

Dr. Ayla Göl*

INTRODUCTION

The analysis of Caucasian politics has generally been based on the classical assumption that the geostrategic importance of the region created the rivalry between the Persian, Ottoman and Russian empires. As a consequence of this understanding, the region has been considered as an arena for the 'Great Game'. In the 19th century, the original *Great Game* was a projection of the European balance of power system into colonial domains, and was importantly contained by the weakness of regional states. Upon the collapse of the Soviet Union in 1991, it seemed that a power *vacuum* appeared in the region which encouraged the external powers to assert their economic and political influence on the southern flank of the former Soviet Union. The ensuing struggle was described by some analysts as a new 'Great Game' or a modern variant of the 'Great Game'.¹ However, this now leads to misperceptions of new developments and the role of new actors in the region. The conditions of the 19th century no longer apply to current affairs due to the following reasons: the key actors are different, it is not an arena of an inter-state conflict but of global competition; and the geo-strategic importance of the region is no longer determined by the oil factor alone.

Most importantly, the three newly independent states of the South Caucasus – Armenia, Azerbaijan and Georgia – are themselves actors in international politics to a greater extent than they ever have been before, except for their short-lived experience in 1918.² Although these new states perceived a need to find allies against Russian intervention in their internal affairs, as proved in the previous century, their main priorities were different in the 1990s: The first priority was to gain international recognition of their independence and then

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¹ Svante E. Cornell, 'Geopolitics and Strategic Alignments in the Caucasus and Central Asia,' *Perceptions*, vol. 4, no. 2, June-August 1999, p. 100.

² See Ayla Göl, *The Place of Foreign Policy in the Transition to Modernity: Turkish Policy towards the South Caucasus, 1918-1920*, Ph.D. Thesis, University of London, London School of Economics and Political Science, 2000.

to take their place on international grounds by settling their territorial disputes. The second priority was to become a member of such international organisations as the United Nations, the International Monetary Fund, the World Bank, the European Bank for Reconstruction and Development and the Council of Europe in order to promote regional co-operation and security. Thus, the main concern of this article will be to explore how far the Caucasian states succeeded in developing regional co-operation and in bolstering their sovereignty and security. It will be argued that three main issues – the security paradox, ethnic conflicts and pipeline politics – hinder the new states for developing regional stability. Paradoxically, the involvement of external powers in order to settle these issues makes the situation even more complex. The second part of this article will examine the evolution of Turkish foreign policy – co-operation with Russia and Iran, developing regional co-operation, and the search for a new balance of power – towards the region. However, this article does not claim either to provide a full analysis of all these complex issues or to find solutions to the regional problems. Its main intention is to understand the new developments in the Caucasus by bringing the regional and international levels of analysis together. Therefore, while the first part deals with the elements of instability on the regional level, the second part tries to include the role of non-regional/external actors or factors and their concerns in the international scope.

ELEMENTS OF INSTABILITY IN THE CAUCASUS

Within the last decade, the security paradox, ethnic conflicts and pipeline politics have become the three main issues dominating Caucasian affairs. These issues have not only been the reason for the involvement of external powers in the Caucasus but have also contributed to the instability of the region.

The Security paradox

It was not surprising that the South Caucasus became the primary focus of Russian politics after the dissolution of the Soviet Union. Russia's borders were withdrawn to the North Caucasus (Adygey, Kabardino-Balkaria, Karatchaev-Cherkessi, North Ossetia, Ingushetia, Chechnya and Dagestan) which constituted the new southern rim of the Russian Federation. Most Soviet defence installations were on the Soviet Union's southern borders, where the newly independent states of Azerbaijan, Armenia and Georgia were situated. Thus, not only creating a new security line along Russia's new southern frontier but also regaining at least a modicum of control over these countries, became a primary objective of Russian policy.³ In 1993, a prominent Russian analyst, Pavel Felgengauer, described the southern Caucasus as "Russia's main strategic

³ Robert O. Freedman, 'Russian Policy toward the Middle East: The Yeltsin Legacy and the Putin Challenge,' *Middle East Journal*, vol. 55, no. 1, Winter 2001, p. 59.

forward defence area directly affecting the military situation in the NCMD (Northern Caucasus Military District). Many Russian forces still remain in the Trans-Caucasus, deployed on the old strategic frontier on the border with Turkey, a NATO member."⁴ This analysis is still relevant to current Russian politics which Ponder its security interests to be as vital and natural in its 'near abroad'.

Moscow is determined to pursue its policy of 'reintegration' of the southern periphery otherwise the very foundations of the Russian Federation will be perceived to be at stake.⁵ It can be argued that "Russia's willingness to be the mediator in regional conflicts is just a means to increase its influence and keep its military presence in the region."⁶ On the one hand, Russia tries to strengthen its position and influence in the region in order to prevent the increase of the influence of another state, in particular Turkey, Iran and the United States. On the other hand, the newly independent states of the region require the alliance of a third major power in order to achieve a natural equilibrium of sustainable stability. However, like a vicious circle, the involvement of external powers in turn deepens the instability of the region and creates the security paradox for regional states. In addition to the security paradox, the ethnic conflicts become a catalyst for non-regional states' interference. For the region's stability, the ethnic conflicts' main implication is that it makes it impossible for the Caucasian states to act in concert against outside threats to the region. On the contrary, these conflicts create the possibility for extra-regional actors to become involved in the Caucasus by lending support to either party, thereby altering the balance of power in the region. This naturally brings political instability to the region, where the interests of regional and major powers clash.⁷

Frozen conflicts

The Russian Federation inherited 180 explosive conflict zones from the former Soviet Union, of which the most dangerous were located in the Caucasus. The South Caucasian states also inherited important territorial disputes from their predecessors. The major conflicts have been taking place between Armenia and Azerbaijan over Nagorno-Karabagh since 1988; between Georgia and Abkhazia since 1992; between Georgia and Southern Ossetia since 1992; between Northern Ossetia and the Ingushetia since 1992; between the Lezgians and Azerbaijan since 1988; and between Russia and Chechnya since 1991.

⁴ Cited in "Tensions Force Change in Military Doctrine," *Foreign Broadcasts Information Service*-SOV-93-048 (March 15, 1993) pp. 66-67 in Duygu Bazoğlu Sezer, 'Turkish-Russian Relations: The Challenges of Reconciling Geopolitical Competition with Economic Partnership,' *Turkish Studies*, vol. 1, no. 1, Spring 2000, p. 69.

⁵ Garnik Nanagouljian, 'Post-Cold War Security Dilemma in the Transcaucasus,' Paper prepared for the Weatherhead Centre for International Relations of Harvard University, May 2000, <http://www.wcfia.harvard.edu/fellows/papers99-00/nanagouljian.pdf/>, pp. 34-35.

⁶ Revaz Adamia, 'NATO: Caucasus in the Context of Partnership for Peace,' *Perceptions*, vol. 4, no. 1, March-May 1999, p. 101.

⁷ Cornell, *op. cit.*, p. 103; Managouljian, *op. cit.*, p. 8.

Although most of these conflicts are 'frozen conflicts' along cease-fire lines they remain potentially explosive.⁸ Thus, frozen conflicts and regional instability mutually reinforce one another. The historical reasons for these conflicts can be found in the legacy of the Soviet system. Under the Soviet administration, nationalities were divided by territorial borders which were based on ethnic or linguistic characteristics. As a consequence of Stalin's '*divide and rule*' and '*Russification*' policies, the people of the Caucasus had difficulties to develop their national consciousness. The problem was that their national consciousness did not correspond to the territory this consciousness envisioned. Moreover, the region inherited a bureaucratic bourgeoisie, the Mafia, old-aged leaders, corrupt elites, and more importantly a lack of modern statehood experience. Collectively, these features have bred instability and rendered the countries of the region more vulnerable to negative external influences by deepening the ethnic conflicts.

Although internal tensions in the other five Caucasian republics – Adygey, Karatchaev-Tcherkessia, Kabardino-Balkaria, North Ossetia, and Ingushetia – have not yet gained international attention, Nagorno-Karabagh and the war in Chechnya have been on the international agenda. This does not mean, however, that the others are less significant.⁹

The undeclared war between Azerbaijan and Armenia over Nagorno-Karabagh is the most serious source of regional instability. When the Supreme Soviet of Armenia and the National Council of Karabagh declared the unification of Armenia and Karabagh in 1989 they did not expect that they would start the most complex dispute of the post-Soviet era.¹⁰ The response of the Supreme Soviet of Azerbaijan to this declaration was to first dissolve the status of the region in August 1990 and then to abolish its autonomy in October 1991. In January 1992, the independence of the Nagorno-Karabagh Republic was declared by the Karabagh Armenians following a referendum in December 1991. However, this republic has not been recognised by any state, including Armenia, up till now. Although Nagorno-Karabagh presents itself as an independent state, determining its status has been the crux of conflict since 1992. Meanwhile, the Minsk Group of the Organisation for Security and Co-operation in Europe (OSCE) is the main international organisation which has been working for a resolution by conducting international negotiations.¹¹ Despite the efforts of international talks and an ongoing peace process within the framework of the OSCE, negotiations between Azerbaijan and Armenia are deadlocked "mostly due to the fact that the Armenians will not agree to anything short of independence for [Nagorno-Karabagh], while the Azerbaijanis will not compromise their

⁸ Pavel Baev, *Russia's Policies in the Caucasus*, Russia and Eurasia Programme, London, The Royal Institute of International Affairs, 1997, p. 10.

⁹ Rajan Menon and Graham E. Fuller, 'Russia's Ruinous Chechen War,' *Foreign Affairs*, vol. 79, no. 2, March-April 2000, p. 35.

¹⁰ Edgar O'Ballance, *Wars in the Caucasus, 1990-1995*, London, MacMillan, 1997, pp. 42-43.

¹¹ Edmund Herzig, *The New Caucasus: Armenia, Azerbaijan and Georgia*, London, The Royal Institute of International Affairs, 1999, pp. 66-68.

territorial integrity."¹² Under these circumstances, there is no hope for finding a solution to the Nagorno-Karabagh conflict in the near future.

Russia's war against the Chechen struggle for independence has, since 1991, presented another source of instability in the region. This war is a very good example of Moscow's desperate attempts to keep the Russian Federation in wholeness. When Chechnya declared its independence in 1991 Moscow's initial attempt was to suppress the Chechens by sending troops, but this attempt failed within a few weeks. Moscow decided to use its old 'divide-and-rule' tactic by supporting the Ingush separatists against the Chechens in the joint Chechen-Ingush Republic. The unexpected consequence of this tactic was the rise of conflict between the Ingush and the Ossetians, which forced Moscow to wait. In December 1994, Moscow launched a full scale military operation to terminate the Chechen war.¹³ Despite the expectations of Russian leaders to end the war within a few weeks, it took almost two years. Surprisingly, Chechen fighters drove Russian forces from the capital, Grozny, in August 1996. By the terms of the Khasavyurt Agreement, Russia withdrew all its troops from the whole of Chechnya and accepted Chechnya's full, internal self-government. The two sides agreed that the question of Chechnya's final status within the Russian Federation would be put on hold for five years.¹⁴ When radical Islamists, many of whom were Chechen fighters, rebelled to expel the Russians from Dagestan and unite it with Chechnya in one Islamic state in August 1999, Russian troops were sent to the region. Despite Moscow's claim that the conflict was under control, by September 1999 it had turned into the second full-scale war between Russia and Chechnya. Although Russian officials are claiming progress there is no sign of a solution in near future.¹⁵

In fact, Chechnya has been used as a kind of laboratory for testing Russian policies in dealing with the demands of non-Russian peoples to manage their own affairs. "In Chechnya, Russia finds itself faced with a modern state's nightmare: a region on its immediate frontier which is simultaneously a chaotic failed state, a haven for banditry and organised crime, a threat to Russian control of near abroad, and a base for Islamic terrorist actions in Russia."¹⁶ Most importantly, if the Chechen upheaval spreads both Russia's strategic position and its economic interests would be at stake in the entire Caucasus. For instance, Chechnya's instability has been threatening the Baku-Novorossiisk pipeline, which carries Azeri oil to Russian Black Sea ports via Dagestan and Chechnya.¹⁷ This leads us on to the third issue of the region: pipeline politics. In the next

¹²Nanagoulian, *op. cit.*, p. 7.

¹³Paul Henze, 'Russia and the Caucasus,' *Perceptions*, vol. 1, no. 2, June-August 1996, p. 67.

¹⁴Anatoli Lieven, 'Nightmare in the Caucasus,' *Washington Quarterly*, vol. 23, no. 1, pp. 145-146.

¹⁵Menon and Fuller, *op. cit.*, p. 32.

¹⁶Lieven, *op. cit.*, p. 145.

¹⁷Menon and Fuller, *op. cit.*, p. 39.

section the issue of transporting Caspian oil and gas to world markets being an important element of regional politics, will be taken up.

Pipeline politics

Definitely the importance of the region in global politics is on the rise due to Caspian oil and gas resources. The rivalry over the main energy pipeline among the regional states is probably the best example of 'Great Game' legacy.¹⁸ However, this time the actors of the rivalry are related not only to states but also to non-state organisations. "On 20 September 1994, the Western Oil Consortium and SOCAR [The State Oil Company of the Azerbaijani Republic] signed a contract for the development of the Azeri, Chirag and Guneshli oil fields. It was defined the 'Contract of the Century' by the press."¹⁹ Upon the signing of this contract the leading Western and regional oil companies began to approach Azerbaijan with increased interest. More importantly, it turned Russia and Turkey into rivals for the two main pipeline routes. While both sides see the rivalry as a mean of establishing regional power, pipeline politics has enormously exacerbated regional instability despite the fact that it has been considered as a source of political stability by most external agents.

After the disappointments over Turkey's role in the post-Soviet Caucasus and Central Asia at the beginning of the 1990s, Turkish policy-makers hoped to reassert a sphere of influence in the region by controlling the flow of Azeri oil. But once more, Turkish hopes were dashed when the Azerbaijani International Operation Consortium (AIOC) rejected the Turkish proposal to finance the Baku-Batumi pipeline project in February 1996. When the AIOC decided to transport its oil to world markets through Russian pipelines, Azerbaijan, Chechnya and Russia signed an agreement in Baku in 1997 on the transportation of Azeri oil through the Baku-Novorossiisk line. From this Russian port on the Black Sea, the oil was to be carried by tankers through the Turkish Straits.²⁰ This route not only raised objections from Turkey due to the environmental danger posed by increased tanker traffic on the Bosphorus but also meant that the Caspian states, particularly Kazakhstan, had to depend heavily on Russia for oil transportation. "In fact, until the AIOC recently constructed a pipeline that carries some 115,000 barrels of 'early oil' per day from Baku to Supsa on Georgia's Black Sea coast, Russia held an effective monopoly on Caspian transportation."²¹ The Baku-

¹⁸ Bazoğlu Sezer, *op. cit.*, p. 72; See also, Stanley Kober, 'The Great Game, round II: Washington's Misguided Support for the Baku-Ceyhan Oil Pipeline', *Insight Turkey*, vol. 3, no. 1, January-March 2001, pp. 103-120.

¹⁹ Sabit Bağirov, 'Azerbaijani Oil: Glimpses of a Long History,' *Perceptions*, vol. 1, no. 2, June-August 1996, pp. 34-35.

²⁰ Bülent Aras, 'Turkey's Policy in the Former Soviet South: Assets and Options,' *Turkish Studies*, vol. 1, no. 1, Spring 2000, pp. 39-40.

²¹ Jan H. Kalicki, 'Caspian Energy at the Cross-roads,' *Foreign Affairs*, vol. 80, no. 5, September-October 2001, p. 123.

Novorossiisk line's vulnerability to sabotage by the Chechens was possibly one of the reasons for initiating a search for alternative routes. The Baku-Supsa line was commissioned in 1999. It is 830 kilometres long, pumping at full capacity and carries all of the BP Amoco-led AIOC's production. However, this route is also dependent upon use of the Turkish Straits.

As a result of Turkey's environmental concerns over the Bosphorus, the AIOC began to search for various alternative routes. The Baku-Ceyhan pipeline has been proposed as the main alternative to the Russian routes. This is the most likely project in the terms of decreasing the oil burden on the Turkish straits. Ankara pointed out that "the total output from the Caspian and Central Asia would eventually be 50 to 60 million tons a year, but the Baku-Novorossiisk and Baku-Supsa routes also carries a combined capacity of 16 million tons [a year]. Therefore the Baku-Ceyhan pipeline is the most inevitable and stable option."²² The Istanbul Accord to build the line along the Baku-Tbilissi-Ceyhan route was signed in November 1999. The project is to be completed by 2004-2005.²³ In mid-October 2000, BP, along with other companies, signed an investors agreement and transit agreements with Turkey, Azerbaijan and Georgia, marking a major step forward in the realisation of the Baku-Ceyhan line. The participants plan the start of construction to take place in mid-2002 and the start of oil transportation to Ceyhan by 2004.²⁴ Most of that oil will come from the Azeri-Chirag-Guneshli fields off the coast of Azerbaijan by the time Baku-Tbilissi-Ceyhan pipeline is to be completed in 2005. "In addition, oil producers in Kazakhstan could ship into the Baku-Tbilissi -Ceyhan pipeline 200,000 barrels per day from Kashagan and another 200,000 barrels per day from onshore fields other than Tengiz."²⁵

The proposed Baku-Ceyhan pipeline has been criticised for being the longest – with a length of 1726 kilometres – and the most costly of the options on the table since its construction costs could exceed the projected budget of \$2.4 billion to \$2.7 billion.²⁶ The oil companies maintain that pumping a million barrels a day through the pipeline is the only way to make the project economically feasible. Moreover, recent studies by the CATO Institute and the Carnegie Endowment for International Peace in Washington have criticised the

²² Cited in Ercan Ersoy, 'Turkey to Lobby for Baku-Ceyhan Pipeline,' *Reuters*, August 21, 1997 in Aras, *op. cit.*, p. 41.

²³ Cabit İstikbal, 'Regional Transport Demands and The Safety of Navigation in the Turkish Straits: A Balance at Risk,' in Bayram Öztürk and Nesrin Algan, eds., *Problems of Regional Seas 2001: Proceedings of the International Symposium on the Problems of Regional Seas*, 12-14 May 2001, Istanbul, Turkish Marine Research Foundation, 2001, pp. 83-85.

²⁴ Mike Bilbo, 'Oil Transport in the Turkish Straits,' in Öztürk and Algan, *ibid.*, p. 95.

²⁵ Kalicki, *op. cit.*, pp. 122-123.

²⁶ *Ibid.*, p. 131.

economic justification for this route, suggesting consideration of Russian and Iranian alternative routes.²⁷

To avoid the Bosphorus bottleneck, Russia proposed a cut-off pipeline running from the Bulgarian port of Burgas to Alexandroupolis on the Aegean coast. Meanwhile, "Bulgaria and Ukraine have both offered their own plans for pipelines that may prove viable in the future, but the former faces continued conflict and turmoil in the transit countries (Albania and Macedonia), whereas the latter confronts limited demand for oil in Central and Eastern Europe. Plus both risk environmental dangers that emptying tankers might involve when mid-route."²⁸

The last option, which proposes avoiding the Black Sea route altogether, would be a pipeline passing across Iran, linking Baku with the Persian Gulf. "Iran, like Russia, has proceeded to develop its own oil fields and to invest in those located off the coasts of Azerbaijan and Turkmenistan. Iran has been upgrading its oil-processing facilities in Neka on the south-eastern Caspian coast, and it is now building an oil pipeline from Neka to Tehran. At the same time, it has been constructing pipeline links and electricity grids with Turkey and the countries of Central Asia and the Caucasus."²⁹ Interestingly enough, of the ten oil companies operating in the Caspian region, two of them, both American, favour the Iran route.³⁰ This clearly signals new developments and the increasing importance of Iran in regional politics, which will be dealt in the section.

After analysing the main elements of instability in the region – the security paradox, ethnic conflicts and pipeline politics – I would like to examine the evolution of Turkish foreign policy towards this region. The complexities of regional issues and the flux of events since the collapse of the Soviet Union have made it very difficult not only for Turkey but also for other external actors to implement a coherent foreign policy towards the region.

THE EVOLUTION OF TURKISH FOREIGN POLICY TOWARDS THE REGION

Turkey and other regional states need to develop new strategies in order to develop stability and peace in the Caucasus. The geopolitical and economic concerns in the Caucasus have changed dramatically since 1991, and Turkish foreign policy must adapt accordingly. In fact, Turkish leaders have been trying

²⁷ See Alec Rasizade, 'The Bush Administration and the Caspian Oil Pipeline,' *Contemporary Review*, July 2001, Source: <http://www.findarticles.com>

²⁸ Kalicki, *op. cit.*, p. 124.

²⁹ *Ibid.*, p. 125.

³⁰ Andrew I. Killgore, 'Why Israel's Latest Power Play in Washington, the Baku-Ceyhan Oil Pipeline, Will Fail,' *Washington Report on Middle East Affairs*, vol. 19, no. 5, June 2000, p. 28.

different policy options in accordance with the flux of events in the region within the last decade. This period has been criticised by some Turkish analysts who state that Turkey did not have a coherent foreign policy towards the region, and this also contributed to regional instability.³¹ This was a valid criticism not only of Turkish policies but also of Russian policies. However, it has to be noted that the policies of both states were generally influenced by misperceptions concerning the historical nature of international rivalry in the region. The region is seen as an arena of rivalry between the two groups of states: Russia, Armenia and Iran versus Turkey, Azerbaijan and the United States of America. But these alliances are not as strict as they were during the Cold War. For instance, although it is still too early to predict the policies of new governments in Moscow and Washington, "Putin has seemed eager to develop a friendly and engaged relationship with President George W. Bush."³² Another sign of a possible change can be seen in Turkish-Russian relations, which have already indicated co-operation rather than competition. Clearly, these two possible changes will influence the whole alliance arrangements in the Caucasus. Thus, it is the task of the next section to explore the evolution of Turkish foreign policy towards not only Russia but also towards other external actors such as the US and Israel over the region. It will be argued that there are three priorities of Turkish foreign policy: co-operation with Russia and Iran; development of regional organisations; and search for a new balance of power.

Co-operation with Russia and Iran:

Duygu Sezer Bazoğlu describes the evolution of relations between Turkey and Russia with the term 'virtual rapprochement', which refers

"to a state of bilateral relations in which public manifestations of state-level adversity and hostility have nearly completely disappeared; the importance of co-operation in a range of fields for furthering respective national interests is mutually perceived and publicly articulated; governments desist from using inflammatory rhetoric so as not to arouse public hostility; and officials keep the lines of communication open in order to safeguard relations against the impact of sudden crisis. On the other hand, a hard kernel of mutual fear, mistrust and suspicion remains in the minds of the decision makers and political elites."³³

As it has been argued earlier that since the collapse of the Soviet Union the Caucasus and Central Asia became the main areas of competition due to pipeline politics. In addition, Russia complained about Turkey's concerns in the

³¹ Aras, *op. cit.*, p. 36.

³² Micheal McFaul, 'Realistic Engagement: A New Approach to American-Russian Relations,' *Current History: A Journal of Contemporary World Affairs*, vol. 100, no. 648, October 2001, p. 315.

³³ Bazoğlu Sezer, *op. cit.*, p. 62.

Nagorno-Karabagh conflict and the Chechen war, which threatened Moscow's control in the region. Despite the existence of these serious problems in their relations both sides have common interests in pursuing a good relationship. First, Turkey became Russia's main trading partner in the Middle East; that trade between the two countries ranged between \$10-12 billion a year until the Russian economic crisis in 1998. Second, Turkey is a major purchaser of natural gas from Russia, which has become even more influential in promoting Russian-Turkish relations after the Blue Stream project. Third, Turkey also purchases military equipment from Russia, including helicopters that had been embargoed by some NATO members because of concerns that they would be made use during Turkey's conflict with the PKK in the south-eastern Anatolia.³⁴ Fourth, Moscow is urgently interested in securing Ankara's hold back to increased Russian shipping through the Turkish Straits, which raised Turkish concerns to limit such traffic.³⁵ As a result of these concerns, not only both sides become economically dependent on each other but are also forced to overcome the misperceptions of the past.

This new understanding manifested itself during the launch of the Blue Stream project in December 1997. The Blue Stream project, currently under construction, is building a gas pipeline directly from Russia under the Black Sea to Samsun and thence to Ankara by Russia's Gazprom and Italy's ENI. "The \$30 billion, 25-year project envisaged Russia supplying 16 billion cubic meters of natural gas a year to Turkey by the year 2010."³⁶ However, not everyone in Turkey is in favour of this project as well as NIS of Central Asia. Some do not view the project as a sign of economic co-operation between the two states and question Turkey's reliance on Russia for so much of its energy needs.

In the region, one alternative gas supplier is Iran, which concluded a modest contract with Turkey in 1996.³⁷ Iran is now constructing "a pipeline from Qazvin in northern Iran to Bazargan on the Turkish border. Iran expects to export 3 billion cubic meters of gas per year through this pipeline will be starting later this year, and up to 10 billion cubic meters per year starting in 2007 is to be supplied."³⁸ However, Turkey's current economic crisis has also influenced its gas consumption and forced it to postpone this arrangement until it recovers from the crisis. But these developments imply that Turkey prefers working relations with Iran despite the legacy of ideological and historical problems in the Caucasus between the two states.³⁹ After the election of the moderate President Mohammad Khatami, Iran's relations with the outside world

³⁴ Freedman, *op. cit.*, p. 80.

³⁵ Kalicki, *op. cit.*, p. 125.

³⁶ Bazoğlu Sezer, *op. cit.*, p. 66.

³⁷ See Suha Bölükbaşı, 'The Controversy over the Caspian Sea Mineral Resources: Conflicting Perceptions, Clashing Interests', *Europe-Asia Studies*, May 1998. Source: <http://www.findarticles.com>

³⁸ Kalicki, *op. cit.*, p. 128.

³⁹ Cornell, *op. cit.*, p. 124.

have changed considerably with the hope of increasing foreign investment in its energy sector. It even hopes that US firms will start investing in Iran with the scheduled expiration of The Iran and Libya Sanctions Act (ILSA), which threatens US sanctions against foreign companies investing more than \$20 million.⁴⁰ Although it is difficult to estimate whether these Iranian hopes will be realised, one thing is very clear: Iran, like Russia and Turkey, has realised that neither of these three parties can be excluded from regional politics.

In addition to improving relations with Russia and Iran, the second priority of Turkish foreign policy is to support regional co-operation in order to bolster stability in the Caucasus.

Regional co-operation and organisations

It has been argued in the first part of this article that there is a security paradox in the Caucasus. While the newly independent states of the region aimed to preserve their independence and territorial integrity they could not resist becoming members of the Commonwealth of Independent States (CIS). Only Azerbaijan in the South Caucasus managed to avoid the return of Russian troops to its territory. In order to prevent the increase of Russian influence in their countries Georgia and Azerbaijan initiated the so-called GUAM between Georgia, Ukraine, Azerbaijan, Moldova in 1997 whereas Armenia was totally excluded from the GUAM's co-operation schemes.

The member states of the GUAM are against any further strengthening of the CIS at the expense of their sovereignties. They view the CIS mainly as an instrument of Russian influence over the republics. Their major aim is to broaden international contacts with the West and to seek their security through western security organisations – i.e. NATO. In May 1998, the GUAM announced its plan to create a common peacekeeping force 'under the UN aegis', which aimed to avoid the reliance upon Russian peacekeepers in the future, especially in Georgia. They believe that such a peacekeeping force will promote regional security and guard the proposed export oil pipeline for Azeri oil. They attempt to act as a single entity in their relations with NATO and the Partnership for Peace (PfP) initiative, which was launched in 1994.⁴¹ They also hope to play a significant role in plans to revive the 'Silk Road' from Europe to Asia. The GUAM's attempts are little publicised but the group is actively promoting them.⁴²

⁴⁰ Kalicki, *op. cit.*, pp. 126-127.

⁴¹ Margot Light, Stephen White and John Löwenhardt, 'A Wider Europe: The View from Moscow and Kyiv,' *International Affairs*, vol. 76, no. 1, 2000, p. 78.

⁴² Cornell, *op. cit.*, pp. 108-109.

In 1999, when Uzbekistan became a member of the regional organisation, its name changed to the GUUAM. The institutionalisation and expansion of the GUAM is a significant event as it coincides with the renegotiations of the Collective Security Treaty (CST) of the CIS, which Azerbaijan, Georgia and Uzbekistan refused to join despite Russian pressure. "In fact, the CIS has now for all practical purposes been divided into two camps, the Russian-led CST and the pro-Western GUUAM. This had practically neutralised whatever political influence the CIS has as an organisation."⁴³

Without wishing to alienate Russia Ankara has become a tacit supporter of the GUUAM, which is simply in line with Turkey's own interests to strengthen co-operation among the regional states. Turkey's membership of NATO makes it attractive for the GUUAM, which aims to increase co-operation with NATO through the PfP programme. Turkey can also provide human resources and experienced military personnel to the regional states. Thus, Turkey represents itself as advocate of encouraging regional conflict resolution through the OSCE, as well as security co-operation through the GUUAM. In short, although it seems that the two groups of states are developing roughly along pro-Western and pro-Russian lines, there is no clear balance of power established in the region since there are no real checks and balances either from within the region, or from external powers.⁴⁴

Shifting balance of power in the region

It is clear that the balance of power between the US and Russia in a global context has altered significantly over the last decade since Russia is no longer a super power. Although Russian policy makers certainly recognise US supremacy they believe that they can balance American hegemony in Central Asia and the Caucasus.⁴⁵ The US did not assert its influence in the region after the collapse of the former Soviet Union in 1991 and acknowledged it as Russia's sphere of influence. However, by 1994-95, American policy was in a state of transition. The Azerbaijani oil resources and the War in Chechnya were the main triggers of such transition. In short, much of the US respect for Russia was lost. It is no coincidence that US policy in the Caspian became increasingly assertive from the second half of 1996, and the US has announced that it considers the Caucasus and the Caspian region of 'vital US interest'.⁴⁶

The US interests in the Caucasus were declared as follows: to assure independence and territorial integrity of the regional states; to keep Iran in check until more pro-Western policies are pursued by Tehran; to defuse the violent and

⁴³ *Ibid.*, pp. 110-111.

⁴⁴ Nanagoulian, *op. cit.*, p. 11.

⁴⁵ McFaul, *op. cit.*, p. 315.

⁴⁶ Cornell, *op. cit.*, p. 123.

anti-Western potential of Islamic fundamentalism through economic growth and to shore up civil society throughout the region; to prevent destabilisation in the region; to ensure access to energy resources throughout the entire region.⁴⁷ However, the US government also recognises that it is not in its interest to provoke a strategic rivalry with Russia in the region. On the contrary, the US has to convince Russian leaders that Russian security is best achieved by enhancing the security of its 'near abroad'. Russia insecure and isolated from the West will endanger the stability of the edges of Europe. Under these circumstances, The Bush administration inherited from the Clinton administration a policy of 'benign neglect'. On the one hand, Russia's interests are recognised, the lines of communication are kept open, and various co-operative projects are proposed as a sign of good intentions. On the other hand, no real effort is made to address the tough problems at the core of their relationship.⁴⁸

From the Russian perspective, its foreign policy had basically been on the defensive in the region during a period of growing economic and military weakness. Since the Putin administration succeeded the Yeltsin administration in April 2000 its priorities have been to try to reassert both Russian control over the south Caucasus and Central Asia and Russia's role as major actor in the international arena.⁴⁹ "Co-operation with the United States was Yeltsin's central foreign policy focus. For Putin, co-operation with the United States is one, but only one, of many foreign policy objectives. Indeed, Putin has devoted more attention to Europe than to the United States"⁵⁰ Moreover, given the fact that his major priority is increasing Russian economic relations with other states, President Putin has visited Austria, Canada, Cuba, France, Germany, India, Italy, Japan, North Korea, Poland, Serbia, Slovenia, South Korea, Sweden, Turkey, the United Kingdom and Vietnam and has invested in relations with China, Japan, Iran, Iraq, India and Cuba.⁵¹ As a result of these developments, it is necessary to reconsider some fundamental assumptions about US policy towards Russia. Both American and Russian policy makers must recognise that Russian integration into the European system is going to be a long and painful process. During this period, general US policy should be to pursue an outcome of mutual gain through co-operation. But both sides must be realistic about the possibility of disagreement over hot issues like trade with Iran and the pipeline in the Caspian region.⁵² This indecisive period will also continue to alter the balance of power in the region.

⁴⁷ Ariel Cohen, 'Paving the Silk Road,' *Harvard International Review*, vol. 22, no. 1, Winter-Spring 2000, pp. 70-75.

⁴⁸ Robert Legvold, 'Russia's Unformed Foreign Policy,' *Foreign Affairs*, vol. 80, no. 5, September-October 2001, pp. 72-74.

⁴⁹ Freedman, *op. cit.*, p. 89.

⁵⁰ McFaul, *op. cit.*, p. 315.

⁵¹ Legvold, *op. cit.*, p. 69-70.

⁵² McFaul, *op. cit.*, p. 318.

In addition to this major change in relations between Russia and the US, a new development have taken place in Turkish-Israeli relations. Turkey has recognised the importance of Israeli co-operation in shaping the future of the region. The first area of Turkish-Israeli co-operation was that of military training collaboration due to their common strategic concerns. The Turkish-Israeli Security Agreement of 1996 was an important event that influenced the imbalance of power in the entire region. The second area of co-operation was economic issues. The volume of trade between the two countries expanded in the 1990s and is expected to reach \$2 billion by the end of this year, as the largest flow of commerce between any two countries in the Middle East. Another element of potential strategic value is co-operation with regard to water supplies in the region. It can be argued that water may become, like oil, a political weapon as the populations of the Middle East increase rapidly and water resources waste away. Ankara can turn its surplus of water to strategic advantage.⁵³ For regional balance of power, when Israel developed considerable interests in Azerbaijan and became one of the largest sources of investment in Georgia, Syria envisaged cordial relations with Armenia.⁵⁴ The Turkish-Israeli alliance has also been instrumental in bringing Syria closer to the Iranian-Russian alliance. Moreover, Turkish-Israeli security co-operation should not be perceived as a threat to the stability of regional states not only in the Caucasus but also in the Middle East. Turkey implemented a balanced policy towards both the Arab states and Israel in the Middle East. The Turkish-Israeli rapprochement of the 1990s can be interpreted as a sign of partnership rather than rivalry between the two states especially in the Caucasus. Therefore, Israel's role in the region is more important than most analysts normally acknowledge.

In summation, the 'virtual rapprochement' between Turkey and Russia, 'realistic co-operation' between the US and Russia, and finally, Turkish-Israeli relations can be interpreted as signs of searching for a new balance of power on both regional and international levels. In order to establish the new balance of power in the Caucasus, all regional states must recognise the importance of sustained multilateral co-operation.

CONCLUDING REMARKS

Because of its ethnic mosaic, strategic importance and natural resources, the Caucasus is one of the most complex regions in the world. Turkey's geographic location at the cross-roads of the Balkans, the Middle East and the Caucasus makes it very difficult for Turkish policy makers to implement a uniform foreign policy towards all these regions. It also adds different priorities

⁵³Raphael Israeli, 'The Turkish-Israeli Odd Couple,' *Orbis: A Journal of World Affairs*, vol. 45, no. Winter 2001, pp. 76-77.

⁵⁴Cornell, *op. cit.*, p. 115.

and regional interests to the agenda of Turkish decision-makers. The sudden collapse of the Soviet Union in 1991 left Turkish leaders with unprepared policies towards the Caucasus. Turkey being a member of NATO the 'Soviet threat' was no longer at Turkish borders.

This article aimed to understand the developments in the Caucasus on levels of regional and international affairs within the last decade. On the regional level, the first part of the article showed that there are three major elements of instability in the region: the security paradox, frozen conflicts, and pipeline politics. These issues, paradoxically, are the reasons for the involvement of external powers in order to promote regional stability, in turn accelerating instability. The second part of the article argued that Turkey, as an external but regional state, has been constantly adapting its foreign policy to the changing character of regional developments by prioritising three issues: co-operation with Russia and Iran, support of regional co-operations and organisations, and the search for a new balance of power. Turkish policy makers must realise that they cannot implement policies, which are only in parallel with the US interests for the very simple reason: Turkey is in the region but the US is not. On the international level, the region cannot be excluded from the imbalance of power between the US and Russia since the end of Cold War. Russia is neither an enemy nor an ally of the US in current world affairs. The last ten years have witnessed the transition of the policies of both states towards each other and the region. This transitional period has still not been completed. Turkish policy makers can still turn this period into an advantage to overcome the misperceptions of the 'Great Game' legacy and to implement a new policy based on co-operation with rather than rivalry towards other regional states.

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